31st ANNUAL REPORT

MARCH 31st, 1985

ONTARIO FOOD TERMINAL BOARD

86-03953/

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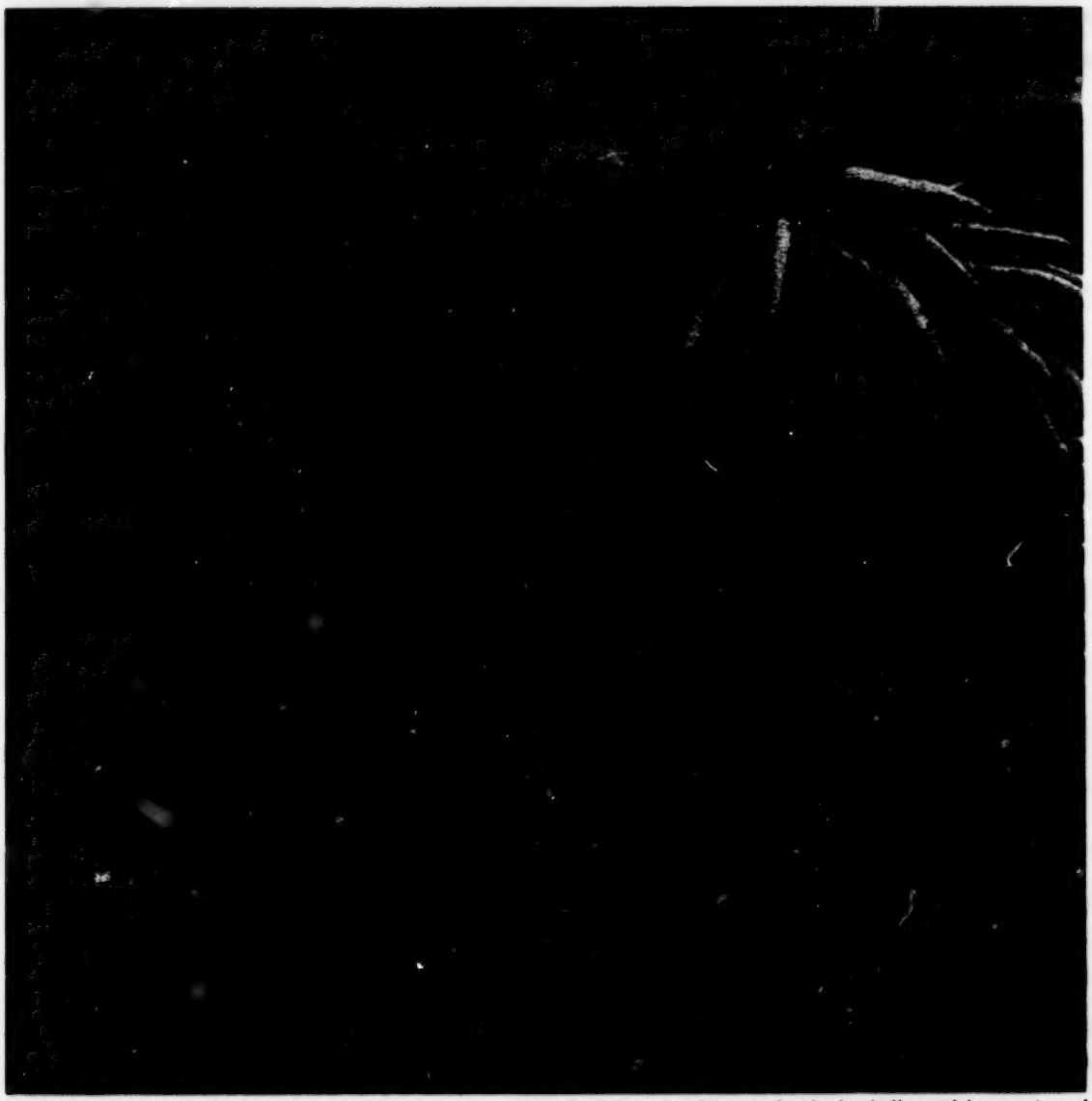


CARROTS ARE TOPS for a laughing Waslow Tuczaski who arrives early at the Ontario Food Terminal with a load of beautiful carrots in each arm.

ONTARIO FOOD TERMINAL BOARD

165 The Queensway
Toronto, Ontario
M8Y 1H8

July 29, 1985

The Honourable Jack Riddell
Minister of Agriculture and Food
Parliament Buildings
Queen's Park
Toronto, Ontario

Dear Sir:

I am pleased to submit the thirty-first annual report of the Ontario Food Terminal Board for the fiscal year ended March 31, 1985.

The financial statements on the following pages show the results of the year under review compared to the previous fiscal year end, March 31, 1984. Operating revenue for the year ended March 31, 1985 amounted to $3,337,014 while expenditures totalled $3,186,858, providing an operating surplus of $150,156. The interest income from the sinking fund in the year amounted to $430,802 compared to last years interest income of $322,906. The net income for the year ended March 31, 1985 was $580,958 as compared to $50,929 in 1984.

The operating surplus of $150,156 has been achieved mainly due to the restructuring of the basis of determining rentals for the wholesale units under the new leases which require wholesalers to pay the full costs of operation each year.

The Board has continued with the Terminal redevelopment projects during the year. The renovation of the cold storage facility and the warehouse units beneath the cold storage commenced in June of 1984 and were basically completed as at March 31, 1985. The Board now operates one of the finest cold storage facilities in the country having computer control of the temperatures and humidity in each individual room.

The Board looks forward to continuing the redevelopment of the Terminal with plans to complete the deck over the uncovered portion of the Farmers' Market, provide further buyers assembly and loading faciltiies and additional wholesale warehouse units.

Yours truly,

D.E. Williams

D.E. Williams
Chairman of the Board

STATEMENT OF OPERATIONS (.000's)

Year ended March 31, 1985	1985	1984
REVENUE	$	$
Rents	2,069,421	1,008,449
Entrance fees	445,216	402,935
Cold storage	390,190	463,074
Interest earned – sinking fund (note 3)	310,237	310,237
Realty taxes recovered (note 6)	70,614	361,047
Services (note 6)	43,713	98,127
Interest income – other	3,236	735
Other	4,387	10,129
	3,337,014	2,654,733
EXPENDITURE		
Salaries and wages	828,464	851,802
Realty and business taxes	621,933	607,451
Amortization and depreciation (note 1)	519,459	476,064
Interest expense – debentures (note 2)	175,000	175,000
Waste removal	138,270	109,602
Electric power and water	133,901	133,074
Security	131,588	—
Employee benefits	122,773	118,947
Fuel	109,618	100,206
Repairs and maintenance	96,786	74,572
Operating supplies and expenses	87,390	80,562
Interest expense – demand loans (note 4)	79,481	13,275
Legal services	56,564	76,762
Office expenses	31,836	43,158
Board members' fees and expenses	23,332	32,548
Insurance	18,932	23,198
Bad debts	9,385	7,884
Miscellaneous	2,146	2,605
	3,186,858	2,926,710
Operating income (loss)	150,156	(271,977)
Additional interest income		
Interest earned – sinking fund (note 3)	430,802	317,794
– terminal development fund	—	5,112
Net income for the year	580,958	50,929

BALANCE SHEET
March 31, 1985

ASSETS

	1985 $	1984 $
Current		
Cash and short term deposits	20,471	—
Marketable securities, at cost	—	49,906
Accounts receivable	143,460	124,328
Prepaid expenses	34,108	30,390
Sinking fund (note 3)	4,859,314	—
	5,057,353	204,624
Fixed – at cost less accumulated depreciation and amortization (note 1)	5,782,756	3,965,826
Sinking fund (note 3)	—	4,118,275
	10,840,109	8,288,725

LIABILITIES AND RETAINED EARNINGS

	1985 $	1984 $
Current		
Bank overdraft	—	23,374
Demand loans (note 4)	2,013,000	220,000
Accounts payable and accrued liabilities	170,014	189,240
Accrued interest on debentures payable	58,333	58,333
Deferred revenue (note 5)	111,824	95,942
Holdbacks payable	204,144	—
Debentures due within one year (note 2)	5,000,000	—
	7,557,315	586,889
Debentures payable (note 2)	—	5,000,000
Retained earnings	3,282,794	2,701,836

Statement of Retained Earnings
for the year ended March 31, 1985

	1985 $	1984 $
Retained earnings, beginning of year	2,701,836	2,650,907
Net income for the year	580,958	50,929
Retained earnings, end of year	3,282,794	2,701,836

Statement of Changes in Financial Position
for the year ended March 31, 1985

	1985 $	1984 $
Source of working capital:		
Net income for the year	580,958	50,929
Add (deduct) items not affecting working capital –		
Depreciation and amortization	519,459	476,064
Interest – sinking fund	(741,039)	(628,031)
– Terminal Development Fund	—	(5,112)
Provided (utilized) from operations	359,378	(106,150)
Reclassification of sinking fund for retirement of long term debt	4,859,314	—
Reallocation of Terminal Development Fund marketable securities to the general accounts	—	49,906
	5,218,692	(56,244)
Use of working capital:		
Additions to fixed assets, net of Terminal Development Funding	2,336,389	247,466
Debentures due within one year	5,000,000	—
Decrease in working capital	2,117,697	303,710
Working capital deficiency, beginning of year	382,265	78,555

Notes to Financial Statements
March 31, 1985

1. SIGNIFICANT ACCOUNTING POLICY

(a) Fixed assets, depreciation and amortization

The objects of the Board include the creation and operation of a wholesale fruit and produce market and the acquisition and operation of facilities for the transportation and handling of fruit and produce. To meet these objects, the Board leases land and buildings to wholesalers and growers. All of these leases are classified as operating leases and revenue from these leases is classified as Rents on the Statement of Operations.

Details of fixed assets at March 31 are as follows:

	1985		1984	
	Cost	Accumulated Depreciation and Amortization	Cost	Accumulated Depreciation and Amortization
	$	$	$	$
Land	275,603	—	275,603	—
Land improvements	1,142,091	990,269	1,118,178	828,011
Buildings	6,489,780	3,606,068	4,107,589	3,421,151
Equipment	1,064,620	833,473	1,005,745	726,516
Parking deck and retaining wall	2,328,397	159,864	2,328,397	101,648
Construction in progress	71,939	—	207,640	—
	11,372,430	5,589,674	9,043,152	5,077,326
	(5,589,674)		(5,077,326)	
	5,782,756		3,965,826	

1. SIGNIFICANT ACCOUNTING POLICY (cont'd)

(a) Fixed assets, depreciation and amortization (cont'd)

Long life assets consist of land, land improvements, buildings and equipment originally purchased with the proceeds of the debentures (notes 2 and 3). Depreciation on long life equipment, buildings and land improvements is calculated on a straight-line basis at a rate sufficient to amortize the net book value of these assets over the remaining term of the debentures.

Short life assets consist of land improvements, buildings, equipment, parking deck and retaining wall acquired subsequent to the acquisition of the long life assets. Grants amounting to $2,000,000 from the Board of Industrial Leadership and Development (BILD), to assist the Board in financing an upgrading of the Ontario Food Terminal facilities, have been deducted in arriving at the value of short life assets. Short life assets are amortized on a straight-line basis over their estimated useful lives, as follows:

	Cost	Depreciation Rate
	$	%
Land improvements	169,266	10.0
Buildings	2,909,359	2.5
Equipment	696,902	20.0
Parking deck and retaining wall	2,328,397	2.5

2. DEBENTURES PAYABLE

The proceeds from the sale of the $5,000,000 debentures issued were invested in the purchase of property and equipment and construction of a food terminal. The debentures which are guaranteed by the Province of Ontario mature on June 1, 1985 and bear interest at 3½ per cent per annum.

3. INTEREST EARNED – SINKING FUND

Prior to October 31, 1981, the sinking fund was maintained in an interest bearing account with the Treasurer of Ontario. Subsequent to this date, the balance in the fund of $2,751,247 was used to purchase a bank note paying interest at a rate of 17.25 per cent per annum and maturing on June 1, 1985. The proceeds of the note including interest will equal $5,000,000 and will be used to retire the debentures. The sinking fund includes accumulated interest of $2,108,067 (1984 - $1,367,028).

It is the Board's practice to classify interest earned in excess of amortization on long life assets as additional interest income.

4. DEMAND LOANS

The demand loans bear interest at the prime rate. Included in the $2,013,000 is a demand loan of $1,763,000, guaranteed by the Province of Ontario, which was used to finance the renovation of the cold storage facility.

5. DEFERRED REVENUE

Deferred revenue results from the prepayment of entrance fees, stall rentals and parking rentals.

6. REALTY TAXES RECOVERED AND SERVICES

Under the Renewal Warehouse Lease agreements, commencing April 1, 1984, realty taxes and services relating to leased premises are collected as part of the annual rent.

7. COMMITMENTS

At March 31, 1985 the Board had commitments for fixed asset additions amounting to approximately $245,000.

8. COMPARATIVE FIGURES

Comparative figures have been reclassified where necessary to conform with 1985 presentation.

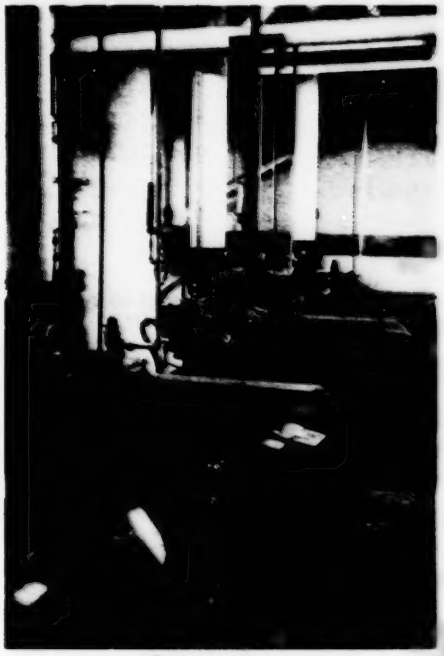
Completion of Cold Storage and Basement Warehouse Renovations

The Board has completed a 2.2 million dollar renovation to the Cold Storage and Basement Warehouse area.

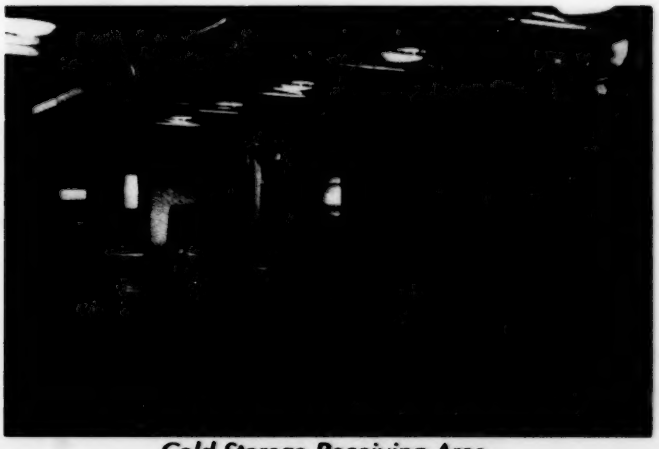
This project was financed by the Board through a loan from the Bank of Montreal. The cost of financing these projects is to be recovered through storage fees and rents.

The renovated Cold Storage provides a computer controlled tempeature and humidity environment for each individual room. The Basement Warehouse Tenants have been provided with shipping elevators for ease of access to these modern warehouse facilities.

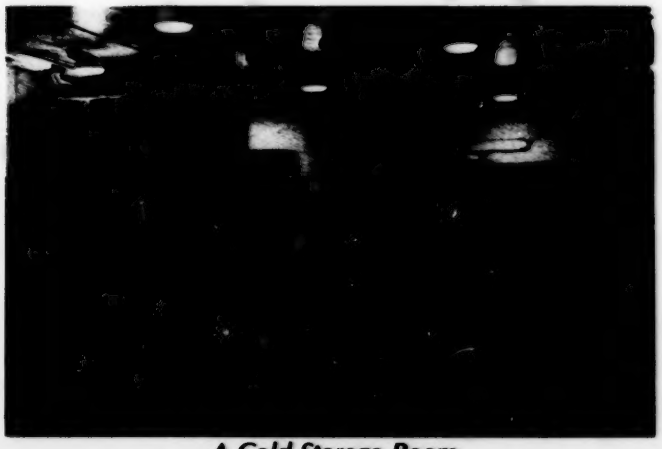
Cold Storage Hallway



Compressors



Cold Storage Receiving Area



A Cold Storage Room

TONNAGE

Overall tonnage handled at the Terminal for the fiscal year amounted to 697,000 tons compared to 669,000 tons for the previous year.

	1984/85 (tons)	1983/84 (tons)
Farmers' Market	174,000	167,000
Wholesale Market	523,000	502,000
	697,000	669,000*

ARRIVALS OF PRODUCE

Wholesale Market:		
Rail Cars	1,597	1,597
Tractor trailers	18,018	17,762
Other trucks	10,110	9,982
Farmers Market	42,000	38,686

*Previous years figures are changed to reflect new tonnage rates per vehicle.

BUYERS

The Board has on file the names of 3,918 buyers who attend the market: 2,810 are from Metro Toronto and surrounding areas, and 681 from other regions of Ontario and Western Quebec.

Buyers are classified as follows:

Fruit and Vegetable stores	1,720
Corporate and independent chain stores	126
Restaurants	743
Jobbers	313
Institutions	39
Miscellaneous (Meat market, florists, caterers, etc.)	977
	3,918

Warehouse Leaseholders

		UNITS	
SOUTH WING		**A**	**B**
1	Dominion Citrus & Drugs Ltd.	102a, 102	
		104,106	
2	Tomato King Produce Co. Ltd.	108	
3	Hamilton Fruit & Produce Ltd.	110	
4	Italian Produce Co. Ltd.	112	
5	Rite Pak Produce Co. Ltd.	114,116	152, 154
		118,120	
6	Ontario Tree Fruits Ltd.	120a, 122	
7	Stronach & Sons Ltd.	124, 126	
8	Lamantia & Russell Produce Ltd.	128, 130	
9	North American Produce Buyers Ltd.	132	
10	C. Charles & Co. (1973) Ltd.	134	
11	Chiovitti Banana Co. Ltd.	136	156, 158
			160, 162
12	Gamble Robinson Ltd.	138, 140	142, 144
13	Geo. Adamo Produce Ltd.		146
14	Gus Amodeo Produce Ltd.		148
15	Capuccitti, Rocco & Gordon		150
NORTH WING			
16	White and Company, The	101a, 101	
		103	
17	P. Culotta & Co. Ltd.	105, 107	
18	Mitchell Pacific (1985) Co.	109, 111	
19	King & Raphael, Toronto	113	
20	Provincial Fruit Co. Ltd.	115, 117	
		119	
21	F.G. Lister & Co. Ltd.	121a, 121	
		123, 125	
22	Lenson Celery (1975) Ltd.	127, 129	
23	Morris Brown & Sons Ltd.	131	
34	J. Ursino & Company	133	
25	Global Fruit & Produce Co.	135	
26	Canadian Fruit & Produce Co. Ltd.	137	
27	Ontario Produce Company	139a, 139	141b, 143
			145, 147
			149, 151
28	Veg Pak Produce Company Ltd.		157, 159
			161b

Note: A-units are selling units fronting on the Buyers' Court
B-units are auxiliary units flanking the Cold Storage facilities.

Office Leaseholders:

Of the 234 office spaces available at the Ontario Food Terminal 83 are occupied by lessees of warehouse space.

NAMES OF THE LEASEHOLDERS:

Bank of Montreal
Kroft Investments
Ontario Potato Distributing Inc.
Sunkist Growers Incorporated
M.L. Catania Co. Ltd.
Nevard, Van Benthem & Wakeman Brokerage Ltd.
B.C. Tree Fruits Limited
Kelly Orchards Ltd.
Ontario Produce Company
Toronto Wholesale Fruit & Produce Merchants Association
Lenson Celery Ltd.
B. & G. Vetere Wholesale Ltd.
Chicago North Western Transportation Company
Wm. L. Rutherford Ltd.
Darrigo Consolidated Holdings
Lee Brokerage Ltd.
F.G. Lister Co. Ltd.
Global Fruits & Produce Ltd.
Mutual Brokers (Toronto) Ltd.
Canadian Fruit & Produce Co. Inc.
Mark T. Adamson Co. Ltd.
Dominion Citrus & Drugs Ltd.
Rite-Pak Produce Co. Ltd.
Italian Produce Co. Ltd.
Legrade Incorporated (Cooperative Federee De Quebec)
Austin & Masters Ltd.
North American Produce Buyers Ltd.
Gamble Robinson Ltd.
Ontario Fruit and Vegetable Growers Association
G.A. Love Foods Inc.
Eglinton Fine Food Ltd.
Richard E. Ryan & Associates
Agriculture Canada
Ontario Ministry of Agriculture and Food
Canadian National Railway Co.
Canadian Pacific Ltd.
B. & M. Brokerage
Canadian Fruit Wholesalers Association
Fielding Brokerage Ltd.
Geo. Deslauriers (1975) Inc.
Bruce Collings Ltd.
Regal Produce Brokerage Central Inc.

Short Term Warehouse Leaseholders:

Kelly Orchards Ltd.
Ben Shoom Ltd.
Lakeshore Fruit (Toronto) Ltd.
Morris Brown & Sons Co. Ltd.
Willowdale Produce Co. Ltd.

The Board and Staff:

The Ontario Food Teminal Board consists of seven members, appointed by the Lieutanant Governor of Ontario, upon recommendation of the Ontario Minister of Agriculture and Food.

The present Board members are:

D.E. Williams, Chairman	Mississauga
J.B. Wolfe, Vice Chairman	Toronto
W.B. Cudmore	Oakville
S. Piott	Stoney Creek
B. Blidner	Toronto
J.E. Russell	Toronto
P.D. Tiveron	Mississauga

C.E. Carsley, General Manager

I.B. Nicholas, Secretary Treasurer
Assistant General Manager
T. Chowns, Operations Manager
H. Specht, SGT of Police
R. Osborne, Cold Storage Manager